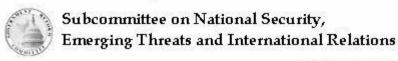
United States House of Representatives



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MEDIA ADVISORY

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Shays to Hold April 21 Hearing on the Iraq Oil-for-Food Program; British Advisor to Iraq Governing Council, Claude Hankes-Drielsma, to Testify.

(Washington, DC) -- Congressman Christopher Shays (R-CT), Chairman of the Subcommittee on National Security, Emerging Threats, and International Relations, will convene an oversight hearing to examine the Iraq Oil-for-Food Program and steps being taken to correct apparent abuses of the UN-run humanitarian effort. The Wednesday, April 21, 2004 hearing will convene at 10:00 am in room 210 of the Cannon House Building in Washington, D.C.

Witnesses will include the advisor to the Iraq Governing Council, Claude Hankes-Drielsma, Chairman of Roland Berger, Strategy Consultants. Mr. Hankes-Drielsma is expected to testify about alleged abuses of the Oil-for-Food Program and possible violations of UN sanctions by member states. Other witnesses will include representatives from the Departments of State, Defense, and Treasury, as well as expert witnesses from the Middle East Media Research Institute, Heritage Foundation, Foundation for the Defense of Democracies, and Columbia University.

As a member of the UN, the United States was involved in overseeing the program. US diplomats were aware of allegations Iraqis manipulated the program to evade sanctions and enrich the Saddam Hussein regime. However, despite some effort on the part of the US and others, corruption of the program persisted and grew.

The General Accounting Office (GAO) recently estimated that "the former Iraqi regime attained \$10.1 billion illegal revenues from the Oil for Food program, including \$5.7 billion in oil smuggled out of Iraq and \$4.4 billion through surcharges on oil sales and illicit commissions from suppliers exporting goods to Iraq." The Defense Contract Audit Agency recently concluded half of at least 368 of 759 contracts examined were

overpriced by at least 5% of the contract value, and some of the monies were used to purchase questionable goods, including a fleet of Mercedes-Benz automobiles.

Authorized in 1995 by UN Resolution 986 with the support of the US, the Oilfor-Food Program began operations in 1996 and finished in late 2003. During the life of the program there were allegations of Iraqi authorities corrupting the program. Since the end of the program, a number of alleged abuses have come to light, including Iraqirun schemes to sell vouchers to participate in the program, place surcharges on oil sales, increase port and other service fees, and require kickbacks from suppliers of authorized goods. In addition, allegations of negligence and misconduct have been made against UN personnel.

"An institution as important to the United States and the world as the United Nations should do everything possible to remove the stain this program may leave on its reputation," Shays added. "It's quite possible the UN will be called upon to act as the trusted receiver of another failed state. As a permanent member of the Security Council, we should help ensure the UN is up to the task."

Since these allegations surfaced, the Iraqi Governing Council (IGC) has retained the services of two prominent firms to conduct an investigation. The UN Office of Internal Oversight Services (OIOS) has opened an investigation into alleged misconduct by UN personnel and the UN Secretary General has promised an independent investigation into all allegations. In addition, several contracts begun under the program have been renegotiated or effectively cancelled.

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Subcommittee on National Security, Emerging Threats and International Relations

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"The Iraq Oil-for-Food Program: Starving for Accountability"

(April 21, 2004)

WITNESS LIST

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U.S. Mission to the United Nations

U.S. Department of State

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